



AEM

Testing  
Innovation

AEM Investor Deck

August 15, 2022



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**In this presentation, all \$ dollar amounts are in Singapore dollars unless otherwise specified.**

# AEM Corporate Profile

AEM is a global leader in the fast growing **Test 2.0** market, delivering application-specific intelligent system test and handling solutions for semiconductor and electronics companies serving the advanced computing, 5G, and AI markets.



## Leader in Fast Growing Test 2.0 Market

Test 2.0 growth is driven by advanced packaging & integrated logic. AEM has over **1,000** Test 2.0 tools in production



## Full Stack Technology

Delivering **composable** technologies and solutions for advanced, integrated semiconductor or test needs



## Deploy at Scale

Critical delivery capabilities giving our customers a **reduced time to market**



## 2016-2022\* Rev. CAGR **49%**

1H2022 Results  
Revenue: **\$540.5M**  
PBT: **\$102.0M**  
FY2022 Guidance  
**\$750M to \$800M**



## Listed on SGX

Market Cap: ~\$1.4B\*  
AEM Holdings Ltd.  
(SGD: AWX) (USD: XWA)

\* As at 12 Aug 2022

\* FY2022 guidance midpoint

# Industry Megatrends and Test Challenges

Driving Secular Growth In Test



Industry Megatrends



## 5G

High-speed, low-latency, and omnipresent connectivity opens a vast array of new applications and use cases



## Artificial Intelligence

Growth of AI enables new business models and unlocks increasing value from data



## IoT & Cloudification

Proliferation of IoT enabled devices and the cloudification of data requires increased power in the cloud and at the edge



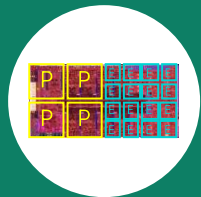
## Automotive

Electrification of vehicles, introduction of autonomous driving capabilities, and digitalization

Device Volumes Increasing



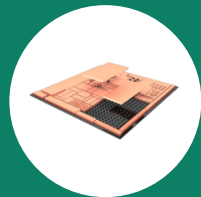
Test Challenges



Increasing Device Complexity



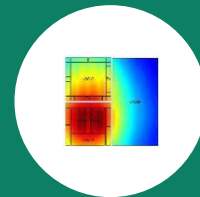
Increasing Power Requirement



Adoption of Advanced Packaging



Increasing Test Development Times



Increasing Thermal Challenges



Increasing Test Coverage Requirements

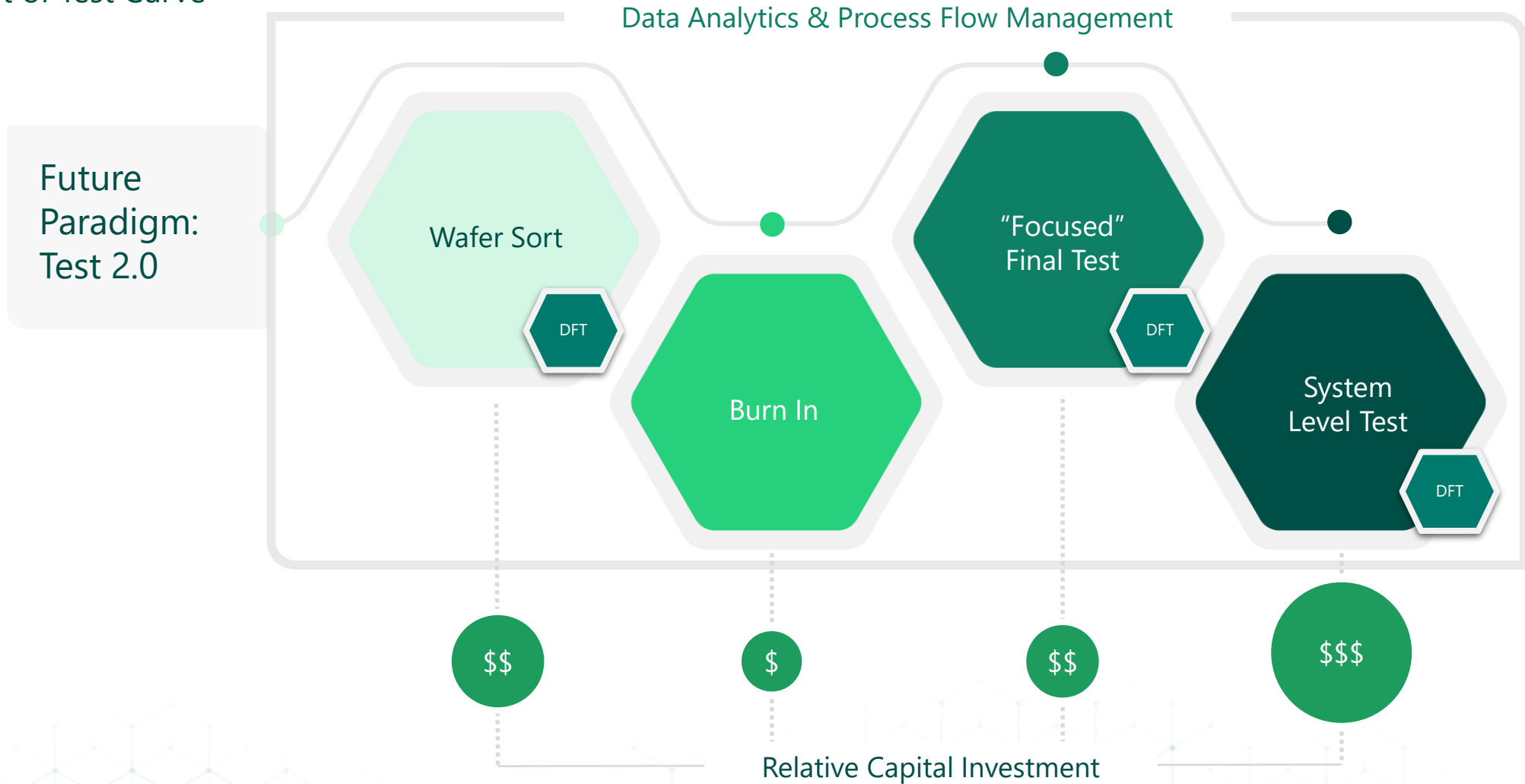
Device Test Times Increasing



**Growth In Test Spend**

# AEM's Test 2.0 Vision

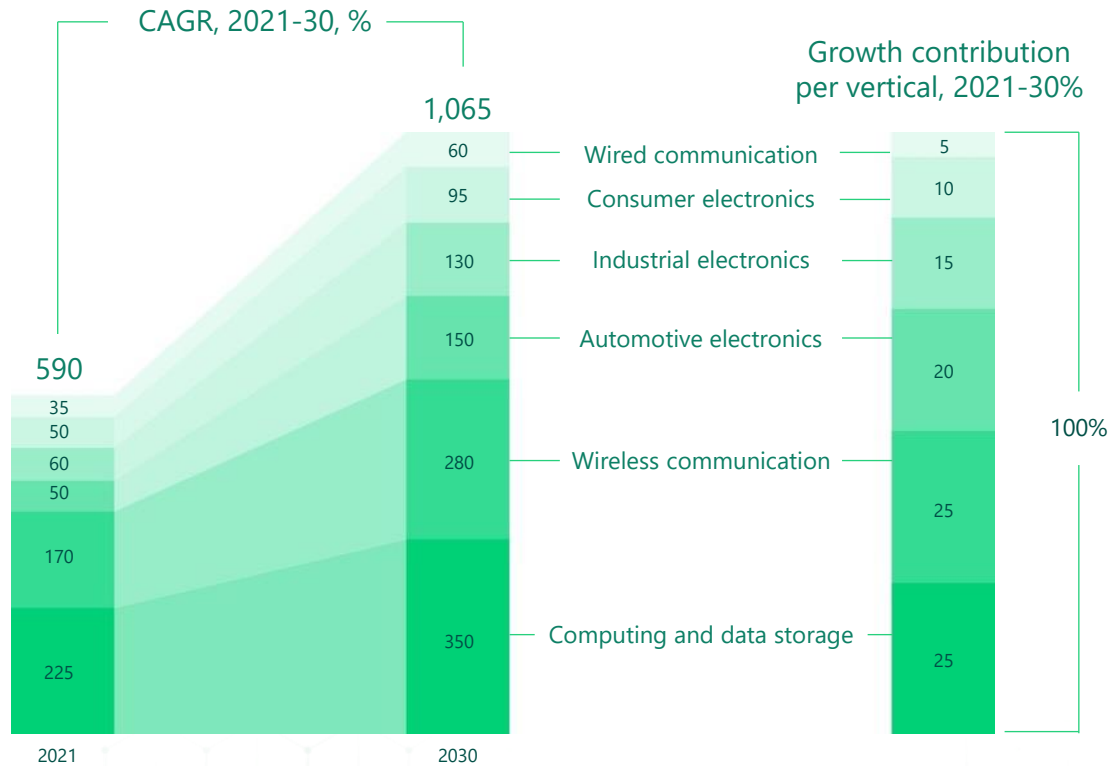
Delivers The Paradigm Shift That Resets  
The Cost of Test Curve



# Industry Megatrends are Driving Growth in Demand 8X



## Global Semiconductor Market Value By Vertical, Indicative, US\$ Billion



Source : McKinsey & Co

## A Growth Scenario for AEM's Test 2.0 Solution Set



Market share of logic / integrated logic devices will grow **1500 basis points** from 2021 to 2030



Test spend for logic / integrated logic devices is higher, and will increase to about **4%** of device revenue by 2030



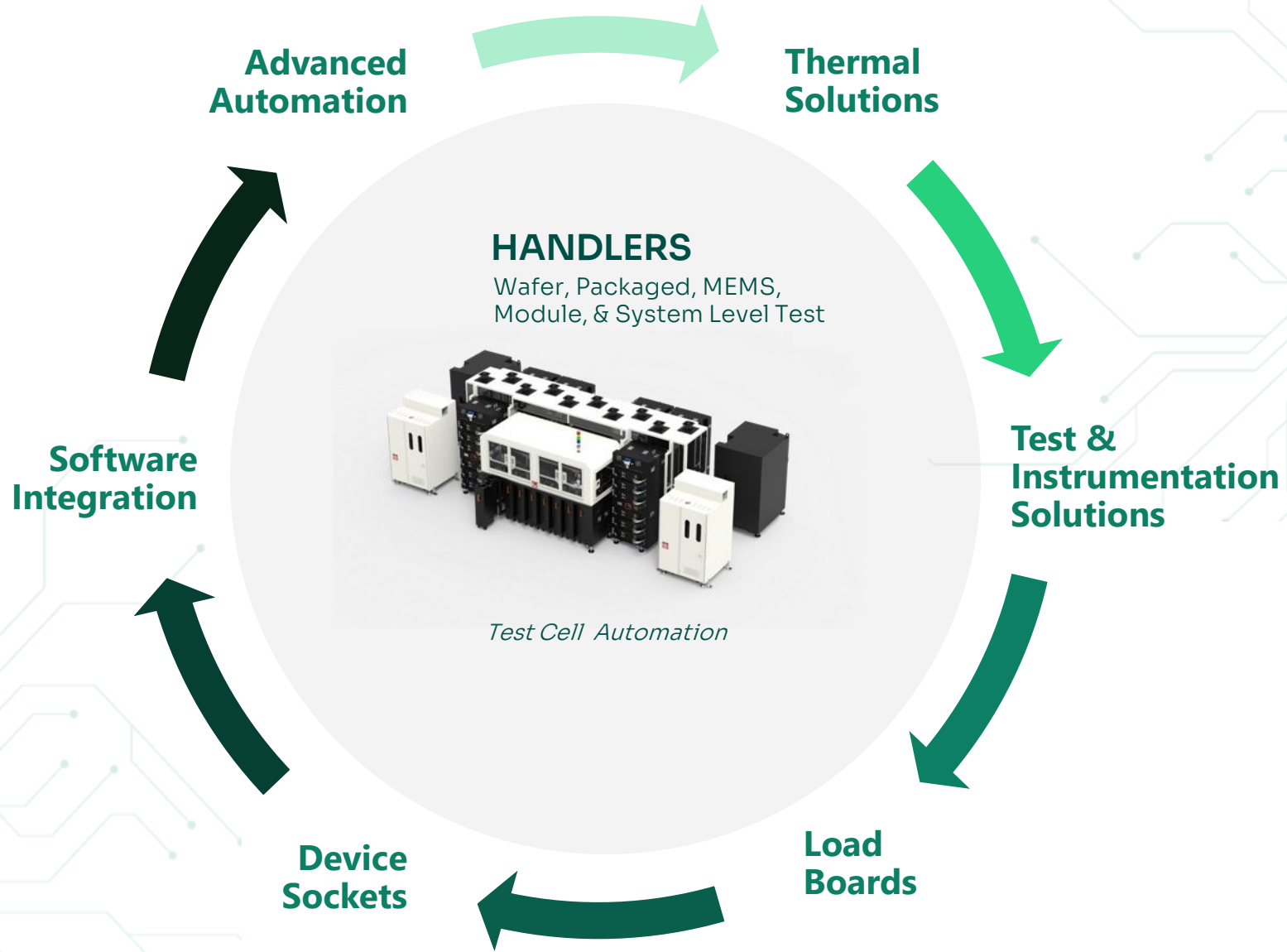
SLT spend as a share of logic test spend is about 25% in 2021, and is expected to grow to **50%** by 2030

**Test 2.0** market (in-house & merchant) could grow **8x** over next 8 years

Source : AEM estimates

# Full Stack Solution

Composed for the Customer's Modern Test Needs



# Test 2.0 And Our Composable Solutions are Enabled by AEM's Core Capabilities



Organic R&D

M&A

## TECHNOLOGY

### Test Handlers



*Test Cell Automation*

*Final Test Handlers*

### Thermal Arrays / Kits / Sockets



*System Level Test Consumables*

### Semiconductor Testers



*Low Cost ATE*

*Intelligent Load Boards*

### Application Specific Wafer Probers



*Humidity, Pressure, Gyro, Motion, Cryogenic, ATC*

### Software Integration



## DELIVERY

### Interconnect Testers



*Cable Testers, Vector Network Analyzers*



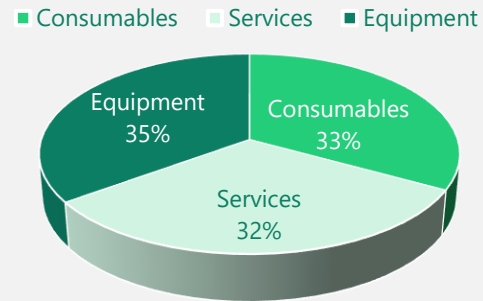
# AEM's Business Model



## Business Model

- Growing recurring demand for kits, pans, and spares underpinned by a growing install base of >1,000 Test 2.0 tools
- Grow share of wallet of the overall consumable stack within each tool

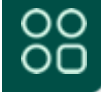
## REVENUE MIX IN FY2021



✓ **AEM's SAM for Test 2.0: US\$3.0B**

✓ **Growing the SAM by expanding capabilities**

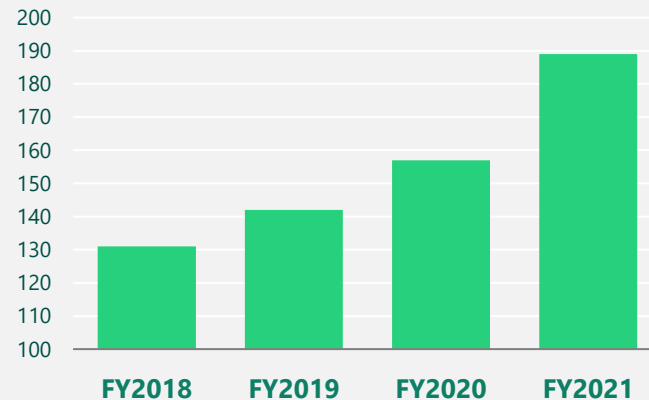
- ATE: US\$300M out of total US\$5,400M market
- Socket: US\$200M out of total US\$1,500M market
- Prober: US\$100m out of total US\$1,100M market



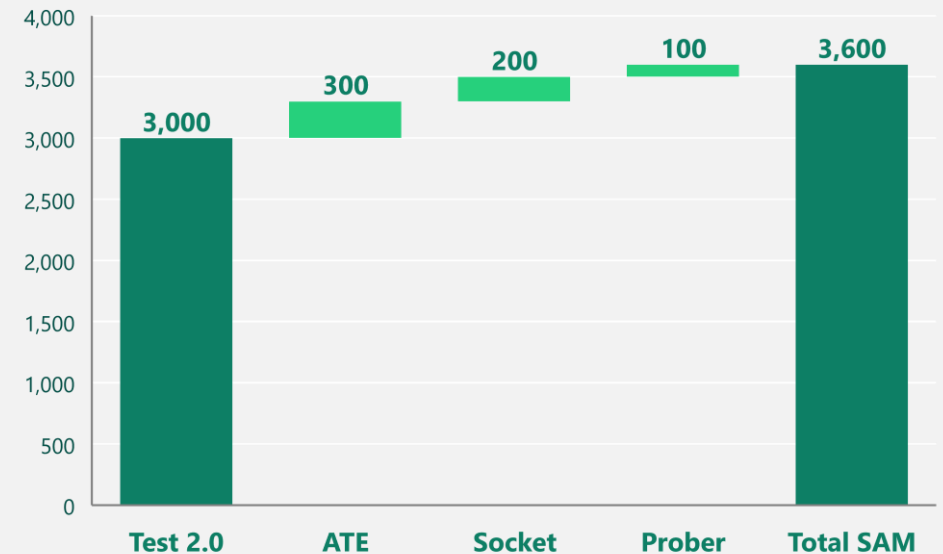
## Benefits

- ✓ Mitigate volatile equipment sales
- ✓ Bolster profitability with higher margin consumables
- ✓ Increase customer intimacy

## CONSUMABLES 13% CAGR (\$M)



## GROWING THE SAM (US\$M)



Source : AEM estimates

# AEM Capital Allocation Strategy

## Invest in the Business

R&D, Talent,  
Strengthen  
Competitive  
Advantages

## Strategic M&A

Gain scale in new  
markets, expediate  
key account wins

## Shareholder Returns

Buybacks  
and  
Dividend

# 1H2022 Highlights

- Delivered highest half year revenue and PBT in AEM's history at **S\$540.5M (+181% y-o-y)** and **S\$102.0M (+187% y-o-y)** respectively
- Acquired majority control of Nestek Korea Co., Ltd. ("Nestek"), a South Korean company that specializes in the design and manufacture of pins and sockets
- Two new customer wins in high-performance computing / artificial intelligence and application processors for mobility
- Reported EPS of 26.8 SG cents in 1H2022, a 152% y-o-y increase from 10.6 SG cents in 1H2021. Proposed interim dividend of 6.7 SG cents per share, approximately 25% payout
- FY2022 revenue guidance for the Group revised to between S\$750M and S\$800M

# 1H2022 Financial Highlights

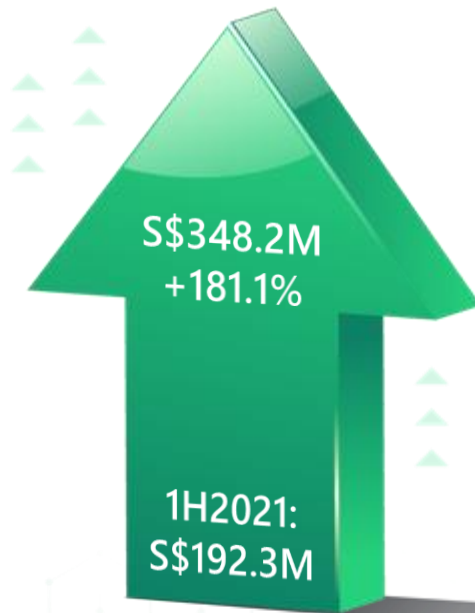
Best half yearly results recorded



## 1H2022 vs 1H2021

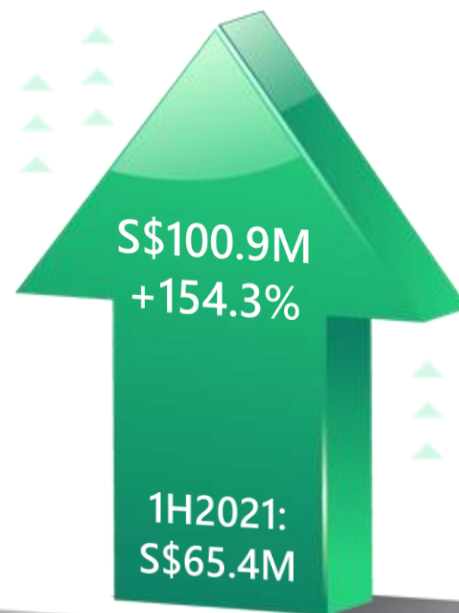
### Revenue

S\$540.5M



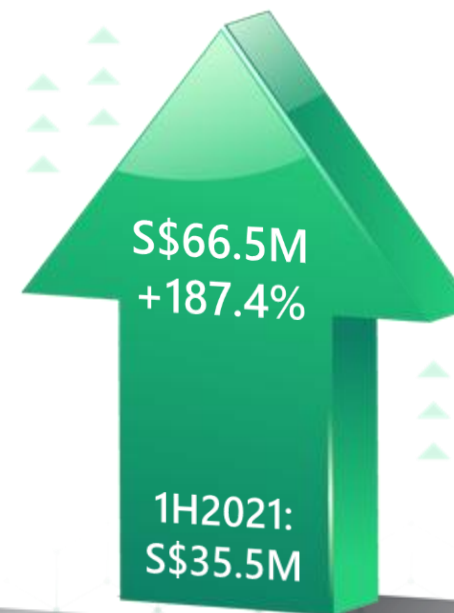
### Gross Profit

S\$166.3M



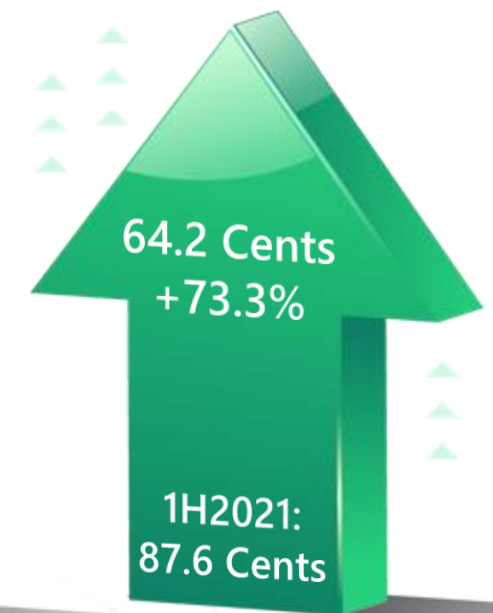
### PBT

S\$102.0M



### NAV per share

151.8 Cents

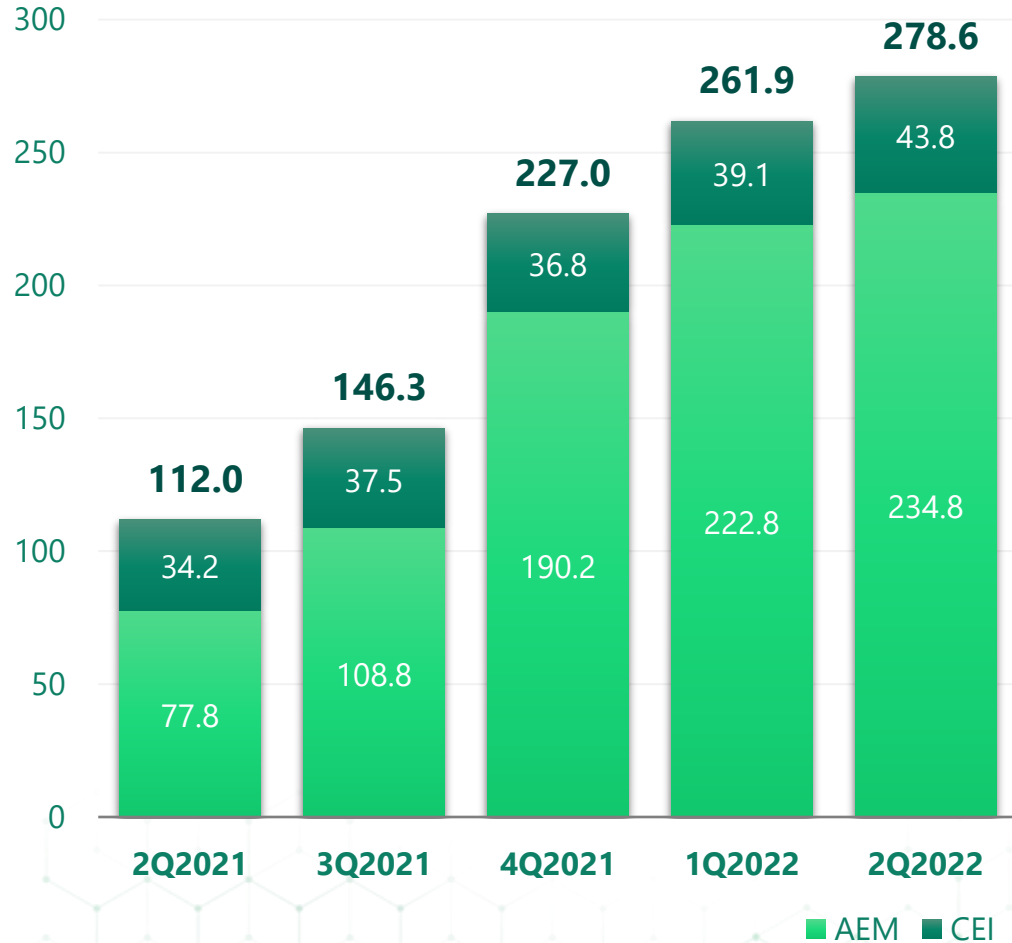


# Quarterly Revenue and PBT

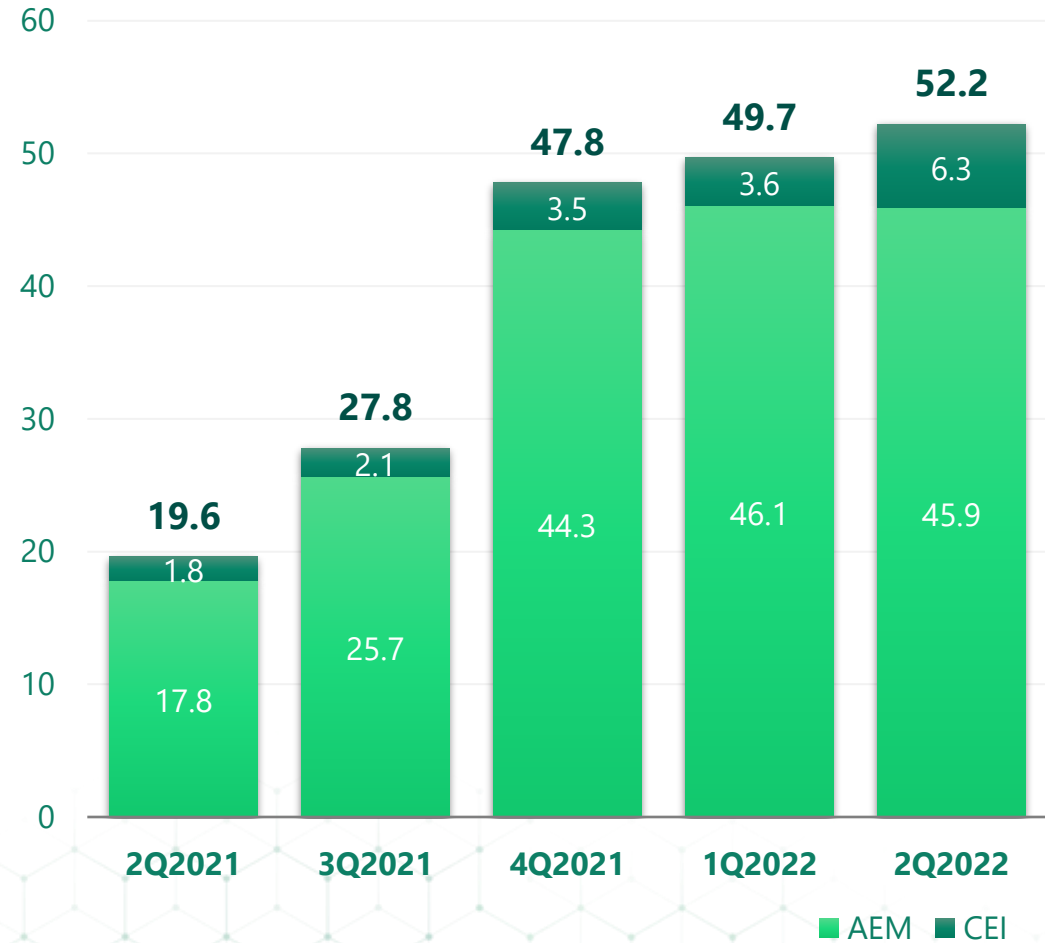
Continuing the momentum of strong quarterly revenue and profits



## REVENUE (\$M)



## PBT (\$M)

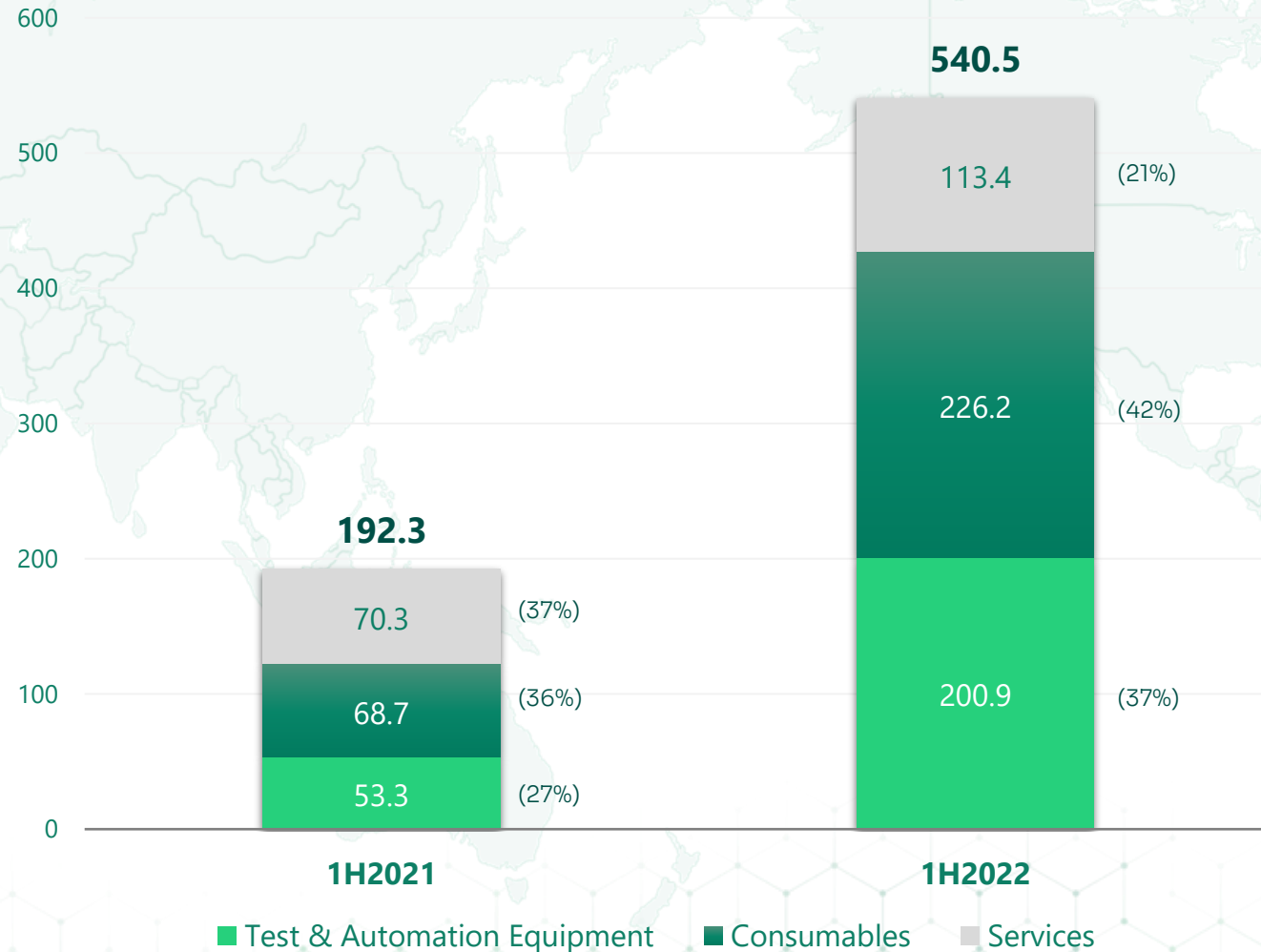


# Revenue Mix

Both Consumables and Equipment revenue increased by more than 3 times



## REVENUE (\$M)



1H2021 comprises 3.5 months of CEI revenue only

Services comprises manufacturing, engineering, and FSE revenue

# A Robust Balance Sheet

Sound capital structure – Debt/Equity ratio of 0.1X

NAV per share increased mainly due to \$83M profits earned for 1H2022



	As at		
	Jun'22	Dec'21	Jun'21
	S\$M	S\$M	S\$M
Property, Plant & Equipment	39.5	26.1	26.1
Right-Of-Use Assets	37.6	17.8	11.7
Intangible Assets	111.1	96.9	95.4
Cash	180.9	216.2	70.9
Current Assets less Current Liabilities	359.8	314.9	169.2
Total Assets	828.6	710.5	423.4
Financial Liabilities	97.4	81.3	67.4
Shareholders' Equity	475.1	402.5	247.0
<b>in SG Cents</b>			
NTA per share	117.4	98.3	53.7
NAV per share	151.8	130.0	87.6
Debt/ Equity	0.1x	0.2x	0.2x



## Highlights

### Net Current Assets (+S\$44.9M)

Increased mainly from:

- Higher trade receivables resulting from higher sales activities
- Higher inventory level in 1H2022 to ensure parts and components availability for upcoming delivery

### Shareholders' Equity (+S\$72.6M)

Increased due to profit contribution in 1H2022 of S\$83.1M partially offset by dividends paid in May '22 of S\$15.5M

# 1H2022 Source and Applications of Funds

Negative change in working capital resulted from higher inventory level to ensure parts and components availability for future delivery

	\$M	1H2022	1H2021
<b>Beginning Cash</b>		<b>216.2</b>	<b>134.8</b>
<b>Operating Activities</b> Inflow: S\$28.4M			
PAT		83.1	29.7
Depreciation & Amortisation		10.8	5.8
Changes in working capital & others		(65.5)	(48.2)
<b>Investing Activities</b> Outflow: S\$26.1M			
Capital expenditure and others		(7.1)	(1.3)
Addition of intangible assets		(7.0)	(3.3)
Acquisition of investments		(12.0)	(80.9)
Share buyback		(3.1)	(2.5)
<b>Financing Activities</b> Outflow: S\$36.6M			
Proceeds from ESOS exercised		0.1	1.5
Dividends paid		(15.5)	(11.2)
Borrowings & other financing, net		(18.1)	46.8
Effect of FX translation		(1.0)	(0.2)
<b>Ending Cash</b>		<b>180.9</b>	<b>70.9</b>
<b>Net Cash</b>		<b>121.3</b>	<b>15.3</b>



## Highlights

Lower cash balance of S\$180.9M (decreased by S\$35.3M), largely due to:

- Financing Activities outflow of S\$36.6M mainly due to:
  - Final dividends paid for FY2021
  - Repayment of borrowings
- Investing Activities outflow of S\$26.1M mainly due to:
  - Investment in Nestek
  - CAPEX spent and others
- Offset by Operating Activities inflow of S\$28.4M due to:
  - Profit contribution of S\$83.1M; offset by
  - Higher receivables balance due to higher revenue recorded in 1H2022, and collection expected in 3Q2022
  - Higher inventory level in 1H2022 to ensure parts and components availability for upcoming delivery





# Thank You

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